



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

Operating Budget Request 2007-2009

In keeping with Governor's direction, the work of Global Competitiveness Council, and her Next Washington initiatives this budget proposal advances the state's economy and the vibrancy of communities. Budget initiatives in this package address each of CTED's five strategic goals:

- Prepare the State to Compete in a Global Marketplace: Helping Washington's Businesses;
- Provide Bold Leadership and Exceptional Service: Making It Easier to Do Business with CTED;
- Build Livable, Vibrant Communities: Strategic Investments
- Move Low-Income Families to Self-Sufficiency
- Improve the Health and Safety of Communities and Families

Prepare the State to Compete in a Global Marketplace: Helping Washington's Businesses

When Governor Gregoire convened the Global Competitiveness Council in 2005, she tasked them with achieving three outcomes:

1. The State of Washington will be recognized throughout the world as a place for business to thrive, a hub of distribution for products and services, a source of world-class products and services, and an ideal tourist destination.
2. The State of Washington will be positioned as the most progressive globally-competitive state in the U.S., committed to a world-class educated and trained workforce, quality products and services, and an exceptional business climate; and
3. The State of Washington will have a comprehensive and effective international trade strategy to include relevant state agencies, local and regional government and non-governmental organizations, business, educational institutions, labor, and culture.

To remain at the forefront in the global marketplace, it is mandatory that Washington implement new strategies, expand current efforts, and take advantages of unique opportunities. In this budget we are requesting funds to make this happen. A new foreign direct investment attraction program will implement strategies to bring foreign companies to the state. We will expand and improve our export assistance efforts and bolster our award-winning ChooseWashington website to help bring companies to Washington. Using the recommendations of the Governor's 2010 Task Force, CTED will help the state realize opportunities connected with the 2010 Winter Olympic Games in the Vancouver, B.C. area.

Foreign Direct Investment Program

\$2.241 million State General Fund and 1.5 FTE

With our Pacific Rim location and established representative offices in key countries, Washington is poised to take advantage of global market growth. Attracting major foreign firms to place or expand facilities in our state is an effective means of bringing jobs and revenue to our communities. This package creates a foreign direct investment program including in-state staff, foreign language information on the ChooseWashington website, new promotional materials, developing leads through our overseas offices, and advertising in foreign trade journals. The program targets eight to 10 additional foreign investments in the state each year.

Expand Export Assistance Statewide

\$1.1 million State General Fund and 1.0 FTE

The CTED Seattle Trade Office helps Washington companies increase exports of their products and services. In FY 2005 CTED staff helped 844 companies realize \$57.5 million in export sales. However, 90 percent of the companies assisted are located in the Puget Sound and Spokane regions. Under this proposal, CTED will develop contracts with economic development organizations around the state to facilitate exporting by companies in less urban locations. The package also funds export agents in two emerging foreign markets currently without Washington representative offices.

ChooseWashington Website Upgrades

\$131,000 State General Fund and zero FTE

CTED's ChooseWashington.com is an award-winning website used by professionals seeking locations for new businesses, corporate expansion, or relocation of facilities. Experts say that 80 percent of companies make their initial evaluations of new locations based on website information. In FY 2005 the Washington website had 60,000 visits. Funding is needed to keep vendor-provided GIS land and building data sets, property listings, and other critical databases up-to-date. In addition, the proposal adds new functionality for rural communities to better market opportunities beyond Puget Sound and across the state.

2010 Winter Olympics

\$856,000 State General Fund and 1.5 FTE

The 2010 Winter Olympic Games and Paralympics will be held in and around Vancouver, B.C. in February and March 2010. The Games, which will generate \$8 to \$10 billion in spending and attract about 250,000 visitors, offer great business and tourism opportunities for Washington. This proposal would fund the following recommendations of Governor Gregoire's 2010 Task Force: establish a Vancouver-based representative to develop leads for Washington businesses; place a pavilion in Vancouver to promote Washington as a destination for tourism and business activities; offer seminars in Washington to inform Washington companies; launch a media campaign; boost support for communities trying to attract sports-related events; and continue relevant work by the 2010 Task Force. One-time funding was provided in the 2005-07 biennium.

Tourism Placeholder

\$4 million CTED is working with the Tourism Advisory Committee, a group of travel industry professionals, to develop recommendations to Governor Gregoire for the creation of a public-private funding mechanism and associated governance structure to administer the funding or advise CTED on how it is spent. The recommendations are due in early October. We are including \$4 million in our budget submittal as a placeholder. The \$4 million figure is calculated using a formula created in statute that tracks tourism revenues to the state, and requires CTED to request up to \$2 million each year.

Provide Bold Leadership and Exceptional Service: Making it Easier to Do Business with CTED

To create an attractive environment for business, we must help our communities to easily access and effectively use available resources. As a key resource agency for communities, CTED is proposing initiatives that will make it easier for communities to work with the agency and access needed funds and technical assistance. A new data warehouse will allow help us to analyze customer needs, improve program effectiveness, and measure our performance. Under the Community Action Team proposal, regionally based staff will assemble teams of agency representatives to assist local communities achieve their highest-priority projects and will serve as a point of first contact for any community wishing to access state and federal resource programs. This budget also improves the effectiveness of community infrastructure and development programs by ensuring the Public Works Board and Community Development Block Grant programs are adequately staffed

Creating a Data Warehouse

\$1.045 million State General Fund and 3.0 FTE

The department's data resides in decentralized, program specific systems that use a variety of applications making it difficult to analyze and gather data in a systematic manner. Additionally, many of the agency's customers interact with multiple programs, and our uncoordinated data storage and retrieval systems do not allow the customer or the department to recognize previous transactions and interactions. Funding is requested for the development of a data warehouse to allow the agency to integrate and organize disparate data applications, recognize customers across program lines, better understand our clients' and customers' needs, monitor business and community conditions, and identify general economic and demographic trends.

Community Action Teams

\$1.477 million State General Fund and 4.0 FTE

Many communities and unincorporated areas in our state do not have the financial or technical capacity to undertake high-impact projects that result in real community change. Under this proposal, six regionally-based field staff, supported by two positions at CTED headquarters, will organize project-focused Community Action Teams to help realize high-impact projects in small and medium-sized communities throughout the state. Existing staff will fill four of the eight positions; four new FTEs are requested. The regional staff will serve as the point of first contact for communities and improve the service delivery and coordination of CTED's 200-plus programs. State, federal,

nonprofit, and for-profit partners will be invited to participate on the Community Action Teams and help develop comprehensive and effective responses to locally identified needs. The result of this innovative approach will be easier access to CTED services, increased community revitalization efforts, more strategic investments of government resources, leveraging of private funds, and a better quality of life for Washington residents. This initiative aligns with Governor Gregoire's Next Washington plan.

Community Development Block Grant Match Funds

\$600,000 State General Fund and zero FTE

For the 2007-09 biennium, the department expects to receive \$15 million a year in federal Community Development Block Grant (CDBG) funds. Smaller cities and rural counties apply to the department to use these funds for a variety of community projects. At least seventy percent of the projects funded must benefit low-income to moderate-income people. To access all available federal administrative dollars to manage the CDBG program, \$600,000 in additional general fund state match is requested. CDBG used a reserve of federal administrative funds that were generated from carryover when the federal award was larger. These reserves will be depleted in 2007 thus necessitating the increased state contribution for program service maintenance.

Public Works Board Service Delivery

\$217,000 Public Works Assistance Account and 1.0 FTE

Since the 2003-05 biennium, the number of loans awarded by the Public Works Board has increased by more than 50 percent. To keep up with the workload caused by the increased number of loans and to manage projects consistent with new requirements for the protection of archeological and historic sites, \$217,000 from the Public Works Assistance Account is requested for one additional staff person and associated costs. This assistance will enable the Public Works Board to effectively administer low cost loans to local governments for the financing of basic infrastructure improvements.

User Fees for Bond Clearinghouse

\$70,000 New Fees appropriated from General Fund-Private Local Account and .3FTE

In order to correct a funding discrepancy, make the Bond Users Clearinghouse self-supporting through revenues collected, and increase efficiency and effectiveness of both the Bond Users Clearinghouse and the Bond Cap Allocation program, CTED recommends moving Clearinghouse funding out of the Bond Cap Allocation Program, establishing an appropriation for the Clearinghouse, creating legislation authorizing CTED to establish a fee to support program activities, and adopting a rule establishing a reporting fee for each bond issuance.

Build Livable, Vibrant Communities: Strategic Investments

CTED is committed to creating strong communities. To facilitate emergent business opportunities, additional flexible funding for the Local Economic Opportunity Fund is requested. At the current level of support, each year available funds will be depleted within six month. We will support communities not only through our investments in local infrastructure and economic development, but by providing training and guidance to local officials. This package will provide technical assistance to cities and counties going through a period of financial instability. Under the Local Government Fiscal Stability

package, CTED local finance experts will help communities access required resources and learn how to manage their finances to achieve long-term solvency. The Community Economic Revitalization Board (CERB) has historically leveraged \$23 of private investment for every dollar granted and has recovered more in loan repayments and new B&O taxes than the amounts issued. CERB has proposed legislation and a capital budget package that will allow it to invest more and more efficiently bring more jobs and revenue to communities. The associated operating budget package provides the staffing needed to support the enhanced program. Together, these enhanced and new services will be additional tools for the Community Action Teams to use to help local communities.

Local Economic Opportunity Fund

\$1,250,000 State General Fund and 1.0 FTE

Currently, the department administers an economic development “opportunity fund” that provides grants to rural communities for a variety of pre-development activities, such as feasibility studies, marketing plans, and archeological assessments. These low-cost activities allow communities to respond quickly to emergent business opportunities that generate much-needed jobs and taxes. Budget reductions have decreased funding to about \$240,000 per year. In FY 2007, this funding will be completely obligated by November. Additional resources are requested to expand grants to assist rural communities in urban counties and increase the total grant funding available. One additional FTE and associated costs are requested to administer the additional \$1.02 million in grant funds.

Local Government Fiscal Stability

\$901,000 State General Fund and 3.0 FTE

Many local governments need assistance to face the challenges of planning for and funding adequate public services that are threatened because of significant revenue shortfalls. Cities and counties are also challenged by the fiscal impacts of annexation and incorporation, resulting in disputes. CTED does not currently have staff to provide adequate technical and financial assistance and assist with the disputes. The State and its local government partners are dependent on each other to effectively deliver public services. The inability of local governments to deliver those services directly affects the state. This proposal adds staff to provide financial technical expertise, training, research and analysis that local governments need to improve their fiscal health so they are able to provide basic government services.

New Economic Development Investment

\$702,000 Public Facility Construction Loan and Revolving Account and 3.0 FTEs

For the 2007-09 biennium, the Community Economic Revitalization Board’s (CERB) investment resources will decline to their lowest point since the 1995-97 biennium. At the same time, known demand for economic development infrastructure required to spur business retention, expansion, and attraction and new job growth is at an all-time high. Fifty million dollars from state bond sales has been requested in the Capital Budget. Three new FTEs, two at headquarters and one in the field, are requested to manage the new funding. The new funding is requested from the CERB revolving account.

Move Low-Income and Vulnerable Families to Self-Sufficiency

A vibrant and livable community becomes strong by boosting its low-income and vulnerable residents to self-sufficiency. CTED programs help these citizens by providing affordable and safe housing, supporting food banks, and creating job opportunities. This budget proposes an innovative program to help low-income citizens become self-sufficient by helping them grow their assets. About 30 percent of our families are without assets, living from paycheck to paycheck. Recent changes to bankruptcy laws and the re-emergence of predatory lending practices call for a public response to assist low-income citizens to manage under these new conditions. CTED will offer them training on managing their money, help them access the federal earned income tax credits, and offer a financial savings match to those who help themselves.

Asset Building for Working Families

\$3.5 million State General Fund and 2.5 FTE

Many Washington State residents are unprepared for financial emergencies due to a lack of assets or savings. As a result, an unexpected economic setback can result in homelessness or an inability to pay for basic needs. Programs in Washington and other states have demonstrated that asset-building policies and programs can improve the financial competence of low-income people, resulting in increased savings, prudent investing and smarter borrowing needed to better their lives.

This proposal requests \$2.4 million in grants for client services, \$.5 million for staff and related, and \$.6 million in promotional costs to fund **Washington Saves**, a three part campaign to: 1) promote saving and access to mainstream banking; 2) promote Earned Income Tax Credit (EITC) claims and access to free/reduced tax preparation services; and 3) provide incentives to invest in appreciable assets for long term prosperity. This asset building campaign is an innovative way to improve local economies and the lives of Washington residents.

Improve the Health and Safety of Communities and Families

Communities must be safe to be desirable places to live. CTED supports the health and safety of communities and families through its support of comprehensive planning, programs to assist local law enforcement, crime victims assistance, and other programs. Global warming is an advancing threat that requires a collective response at the local, state, and national levels. The Global Warming Preparedness initiative in this budget helps communities play their part by mitigating their global warming impacts and addressing potential ramifications of this threat in their local comprehensive plans and their ongoing actions. A second initiative extends protection of residents of long-term care facilities statewide by leveraging federal funds and the use of volunteer ombudsmen.

Global Warming Preparedness

\$394,000 State General Fund and 1.5 FTE

There is compelling scientific evidence supporting both the reality of human-caused global warming and its negative effects on the state and region. Under this proposal, CTED's Energy Policy Division would co-lead a multi-agency effort to prepare for and respond to effects of climate change. The response includes: 1) focusing energy policy

activities on strategies that reduce greenhouse gas emissions; 2) determining how to incorporate information on current and future climate change impacts into state and local government infrastructure planning and decision making, and 3) engaging key government and business stakeholders in the state's efforts to mitigate and respond to global warming and climate change.

Protecting Long-term Care Residents

\$630,000 State General Fund and zero FTE

The Long-Term Care Ombudsman Program improves the security of our most vulnerable people by promoting the interests, rights, and well being of long-term care facility residents and preventing abuse, neglect, exploitation, and poor care. The use of adult family homes as long-term care facilities is increasing. The number of adult family homes increased by six percent from 2004 to 2005, and more than 2,300 operate in the state. At current staffing levels of 22 ombudsmen and more than 400 volunteers, only 24 percent of adult family homes statewide receive services. The department requests \$630,000 in state general funds to protect long-term care residents by providing Long-Term Care Ombudsman services to 100 percent of adult family home residents by the end of FY 2009. This funding will generate an additional \$264,000 per biennium in federal Medicaid matching funds for a total of \$894,000 being made available to provide these services.